

HAMPTON CARTER, LLC
4718 LAKE PARK DRIVE, SUITE 3
JOHNSON CITY, TENNESSEE 37615
(423)282-6811 Fax (423)282-4060

REC'D TN
REGULATORY AUTH.

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OFFICE OF THE
EXECUTIVE SECRETARY

00-00667

Mr. Michael E. Horne, Chief
Tennessee Regulatory Authority Energy and Water Division
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

July 20, 2000


Dear Mr. Horne:

I submit for your review my proposal to build a twelve thousand (12,000) gallon per day sewage treatment facility in Hampton, Tennessee. The plant has been designed to serve the lessees of a six-plus-acre commercial development. Because of the soil conditions, the sewage treatment plant will enable a better utilization of the land.

Each lessee will participate in the capital costs and operations costs as part of their lease agreements. The methods of determining each lessee's initial costs and their part of the operating expenses are included in the proposal. To insure the proper operation of the facility, the City of Johnson City has been asked to operate it. As the letter from the City indicates, they presently operate two similar facilities in nearby communities and will consider including this one. The professional people available from the City will insure top maintenance and the involvement of the City gives the assurance of continued care.

I hope this presentation gives an understanding of my proposed development. Any needed additional information will be furnished.

Cordially,


Jack Strickland

HAMPTON CARTER LLC

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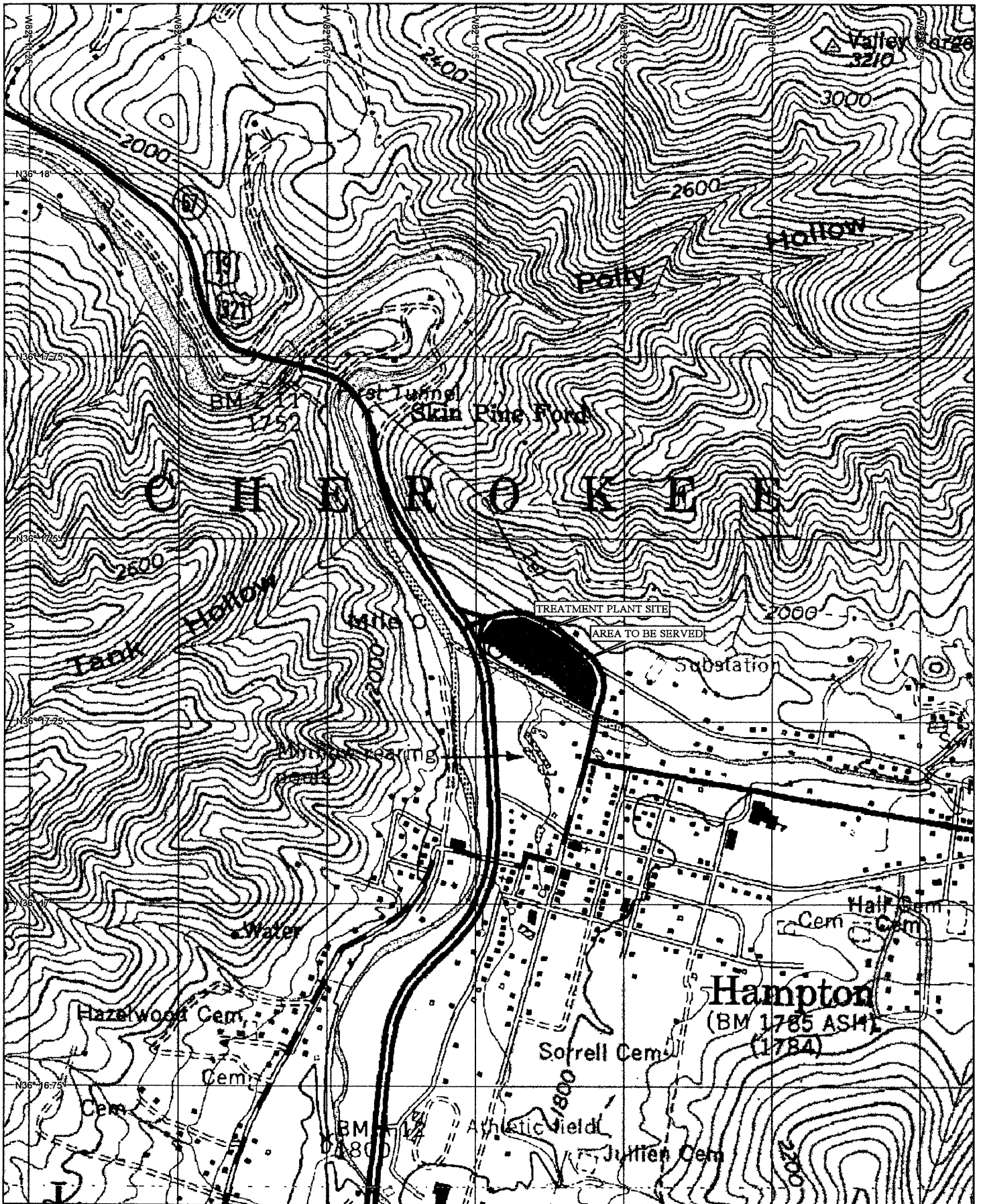
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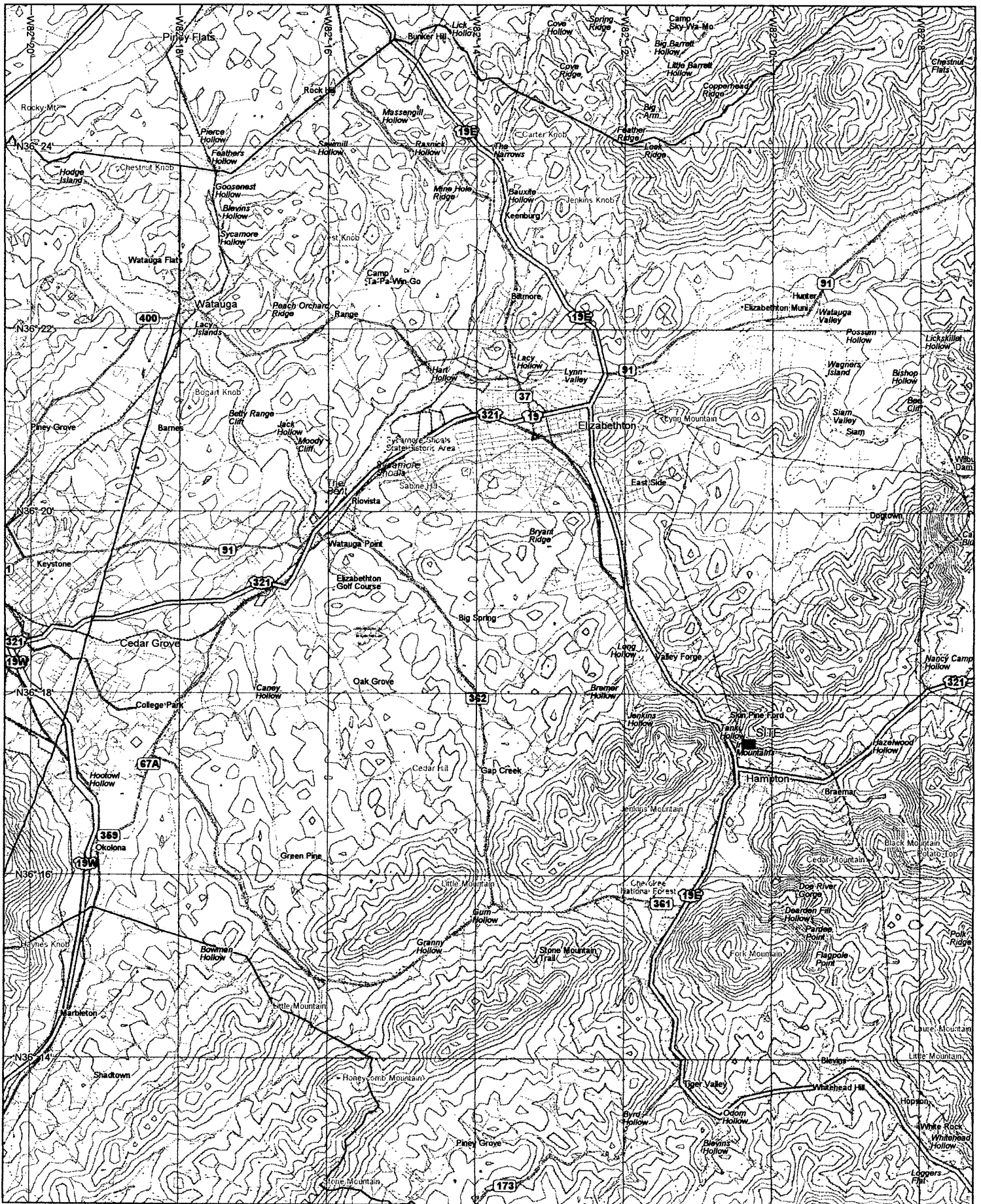
OFFICE OF THE
EXECUTIVE SECRETARY

1. **A description of the service the applicant proposes to render.** To obtain a NPDES discharge permit and build a 12,000 gallon per day sewage disposal plant to serve a small commercial center in Hampton.
2. **A statement of the territory to be served and a map with such territory marked on it.** The area to be served is in Hampton an unincorporated area of Carter County Tennessee. Attachments I & II indicate the territory to be served.
3. **A copy of the franchise granted by the city, if applicable.** n/a
4. **A statement of public need for the service, which includes an estimate of the number of customers to be served initially and any estimates of growth.** Based on soil conditions the most effective utilization of the site is with a treatment plant. Initially, there will be three users. The plant can handle between eight and ten, total.
5. **Engineering and construction plans.** Plans will be sent separately, if required.
6. **A current financial statement of the company.** The current financial statement is included as Attachment III.
7. **A detailed estimate of the cost of construction of the system.** Jobe and McElyea Engineers estimate the costs at \$175,000. A detail of the estimate is included as Attachment IV.
8. **Pro Forma statement of the cost of operating the system for the first five years.** Estimates of financial operations are attached as V. Attachment VI is a letter from the City of Johnson City indicating their willingness to operate the facility.
9. **An analysis of the projected customer growth for the first five years.** It is estimated we will have ten customers within five years.
10. **A detail of any proposed financing.** The \$175,000 will be financed by a loan from First Bank and Trust of Johnson City.
11. **A detail of the rate the company proposes to charge its customers and how the rates were determined.** Each user will contributed an amount equal to their pro rata share of the construction costs of \$175,000. For example, should the user volume be estimated at one thousand gallons per day, the cost for that customer would \$14,580. The annual operating costs and estimated charges are attached.
12. **A description of the type of entity which will own the system together with proof of existence of the entity.** The entity owning the system is the Hampton Carter LLC. A copy of the filing is attached.

ATTACHMENT Ia



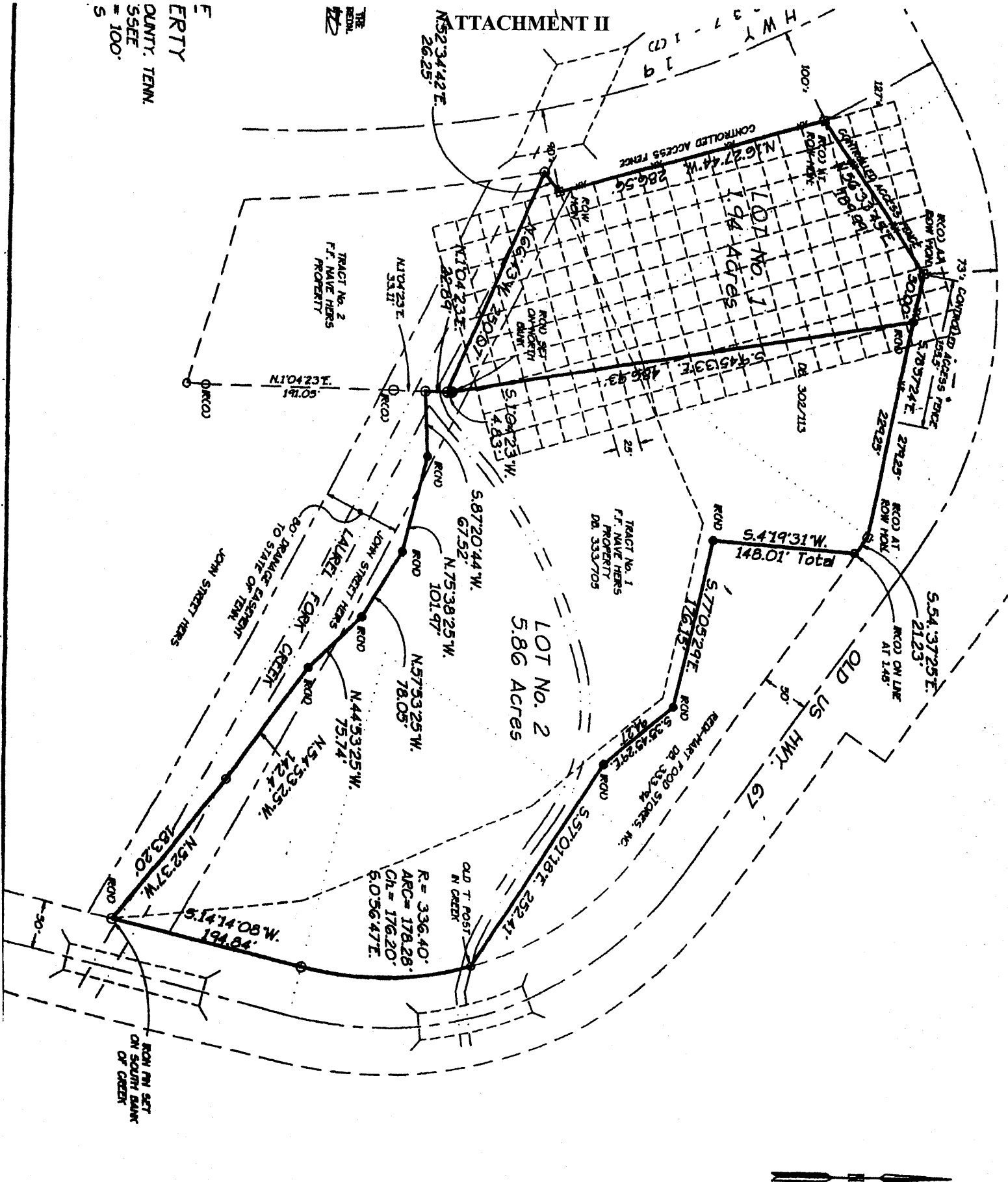
ATTACHMENT Ib



ATTACHMENT II

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 COUNTY, TENN.
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ATTACHMENT III**Balance Sheet**

As of 7/18'0

7/18'0

HAMPTON-All Accounts

Page 1

Acct	7/18/'00 Balance
ASSETS	
Cash and Bank Accounts	
Checking	1,446.51
Total Cash and Bank Accounts	1,446.51
Other Assets	
Land	499,385.00
Total Other Assets	499,385.00
TOTAL ASSETS	500,831.51
LIABILITIES & EQUITY	
LIABILITIES	
Other Liabilities	
First Bk & Trus	354,384.30
Total Other Liabilities	354,384.30
TOTAL LIABILITIES	354,384.30
EQUITY	146,447.21
TOTAL LIABILITIES & EQUITY	500,831.51

ATTACHMENT IV

DETAILS OF THE ESTIMATED CONSTRUCTION COSTS

Materials	\$40,000
Medium Cost	30,000
Contingency	<u>15,000</u>
	\$85,000
(3) Grease Traps	\$ 6,000
(3) Septic Tanks	6,000
Fence 250 LNF	2,000
Labor, Grading, Seeding	<u>76,000</u>
Total	\$175,000

ATTACHMENT V

HAMPTON CARTER SEWAGE TREATMENT FACILITY PROJECTED OPERATING INCOME AND COSTS

YEARS	1st	2nd	3rd	4th	5th
Income					
Treatment Charges	10,950.00	25,550.00	36,500.00	36,500.00	36,500.00
EXPENSES					
Operation Contract	18,000.00	18,000.00	18,900.00	18,900.00	19,845.00
Power	2,400.00	2,500.00	2,600.00	2,700.00	2,800.00
Septic Tank Maint	3,000.00	3,500.00	4,000.00	4,500.00	5,000.00
Reserves	6,000.00	6,000.00	6,000.00	6,000.00	0.00
Site Maint	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00
Total	33,000.00	33,600.00	35,100.00	35,700.00	31,245.00
NOI	(22,050.00)	(8,050.00)	1,400.00	800.00	5,255.00

Notes: The projected operating income for the facility is calculated at .01 per gallon of effluent.
The required payment for sewage disposal will be a lease consideration
The operation contract amount is from discussions with city reps



ATTACHMENT VI

City of Johnson City, Tennessee
Department of Water and Sewer Services

ADMINISTRATION
601 East Main Street
P.O. Box 2150
Johnson City, Tennessee 37605
Phone: 423-434-6062
Fax: 423-461-1657
h2oadmin@johnsoncitytn.org

CUSTOMER SERVICE/
BILLING/METER READING
601 East Main Street
P.O. Box 2150
Johnson City, Tennessee 37605
Phone: 423-461-1640
Fax: 423-434-6087
h2osrue@johnsoncitytn.org

ENGINEERING
CONNECTIONS & EXTENSIONS
901 Riverview Road
P.O. Box 2466
Johnson City, Tennessee 37605
Phone: 423-461-1646
Fax: 423-975-2653
h2oengin@johnsoncitytn.org

LINE MAINTENANCE &
CONSTRUCTION
901 Riverview Road
P.O. Box 2466
Johnson City, Tennessee 37605
Phone: 423-461-1645
Fax: 423-975-2619
h2olmc@johnsoncitytn.org

WATER PLANT/WASTEWATER
TREATMENT PLANTS
& FACILITY MAINTENANCE
857 Riverview Road
P.O. Box 2466
Johnson City, Tennessee 37605
Phone: 423-461-1642
Fax: 423-975-2612
h2ofm@johnsoncitytn.org

CIP MANAGEMENT
203 Dalewood Drive
P.O. Box 2466
Johnson City, Tennessee 37605
Phone: 423-975-2622
Fax: 423-975-2653
bigguy@pmferred.com

June 27, 2000

Bobby Jobe
Jobe & McElyea Engineering Consultants
4718 Lake Park Drive
Johnson City, TN 37601

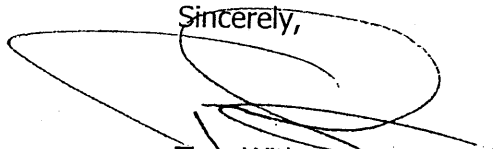
**Re: Recirculating Sand Filled Filter Package/
Wastewater Treatment Plant – Hampton, Tennessee**

Dear Mr. Jobe:

We are of the understanding that a potential wastewater treatment plant or recirculating sand filter may be constructed in Hampton, Tennessee – Carter County for a proposed development. We are presently operating two additional package plants in Carter County, one at Roan Mountain State Park and the second at the Carter County Work Camp. Conceptually, we do have an interest in operating this facility if properly designed and constructed to handle the flow and waste characteristics generated. This is subject to the consideration by our Board of Commissioners and negotiation of appropriate rates.

If you have questions or require additional information, please do not hesitate to contact me.

Sincerely,


Tom Witherspoon
Director
Water & Sewer Services

TW:bg

xc: Gordon Cox, COJC, W/WW Treatment Superintendent

e:\tom\word\Letters 2000\Bobby Jobe – Hampton TN Proposed WW Facility

Secretary of State

Corporations Section

James K. Polk Building, Suite 1800

Nashville, Tennessee 37243-0306

DATE: 02/23/00

REQUEST NUMBER: 3834-1802

TELEPHONE CONTACT: (615) 741 2286

FILE DATE/TIME: 02/22/00 1020

EFFECTIVE DATE/TIME: 02/22/00 1020

CONTROL NUMBER: 0385024

TO:

HAMPTON CARTER, LLC

4718 LAKE PARK DR.

SUITE 3

JOHNSON CITY, TN 37615

RE:

HAMPTON CARTER, LLC

ARTICLES OF ORGANIZATION -

LIMITED LIABILITY COMPANY

CONGRATULATIONS UPON THE FORMATION OF THE LIMITED LIABILITY COMPANY IN THE STATE OF TENNESSEE WHICH IS EFFECTIVE AS INDICATED ABOVE.

A LIMITED LIABILITY COMPANY ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE LIMITED LIABILITY COMPANY'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN ESTABLISHED, PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE LIMITED LIABILITY COMPANY AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE LIMITED LIABILITY COMPANY TO ADMINISTRATIVE DISSOLUTION.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE LIMITED LIABILITY COMPANY CONTROL NUMBER GIVEN ABOVE. PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A LIMITED LIABILITY COMPANY HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

FOR: ARTICLES OF ORGANIZATION -
LIMITED LIABILITY COMPANY

ON DATE: 02/23/00

FROM:

SENIOR HOUSE LEASING

207 N BOONE ST

SUITE 900

JOHNSON CITY, TN 37604-0000

RECEIVED: FEES

\$300.00

\$0.00

TOTAL PAYMENT RECEIVED:

\$300.00

RECEIPT NUMBER: 00002625242

ACCOUNT NUMBER: 00282685



Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE

FILED

RECEIVED
STATE OF TENNESSEE

00 FEB 22 AM 10:20

RILEY DARNELL
SECRETARY OF STATE

ARTICLES OF ORGANIZATION

CARTER
HAMPTON LLC
A

The undersigned natural person, desiring to organize a limited liability company, pursuant to the provisions of the Tennessee Limited Liability Act, Tennessee Code Annotated, § 48-201-101, et seq., hereby adopts the following Articles of Organization:

1. The name of the limited liability company shall be ~~HAMPTON, LLC~~ *HAMPTON CARTER, LLC*
2. The name of the initial registered agent of the limited liability company is Joy Strickland, who is a resident of the State of Tennessee. Her business office and the initial registered office of the limited liability company shall be located at 4718 Lake Park Drive, Suite 3, Johnson City, TN. 37615. The initial registered office is located in Washington County, Tennessee.
3. The name of the organizer of this limited liability company is Jack B. Strickland. His address is 4718 Lake Park Drive, Suite 3, Johnson City, Tennessee 37615.
4. At the time of the organization of this limited liability company, and at the time of the filing of these Articles of Organization, there are two (2) members of the limited liability company.
5. This limited liability company will be managed by its members.
6. The street address and zip code of the principal executive office of the limited liability company is 4718 Lake Park Drive, Suite 3, Johnson City, Tennessee 37615. The principal executive office is located in Washington County, Tennessee.
7. The limited liability company does not have the power to expel a member.
8. The purpose for which the limited liability company is formed is to carry on any lawful business not required to be stated in the Articles of Organization. The limited liability company shall have all such powers and authority as may be reasonable or necessary to the conduct of any such business unless otherwise prohibited by applicable law.
9. The period of duration of the limited liability company shall expire on December 31, 2030, at which time it shall be dissolved and its affairs wound up.

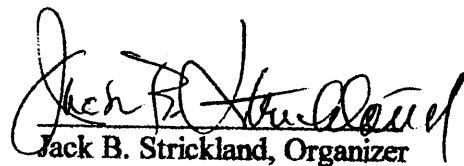
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10. Neither the members nor the parties to any contribution or contribution allowance agreement have preemptive rights.
11. The interests of the members shall be in one Class. Class A interests shall possess unlimited voting rights. All attributes of the interest shall be identical including, but not limited to, the right to participate in distributions, whether the same be operating distributions or liquidating distributions of the limited liability company.
12. Each member of this limited liability company will be its agent for the conduct of its regular business. The agency of each member shall, however, in addition to the limitations set forth in Tennessee Code Annotated, § 48-238-103, be further limited as follows:
- A. Only members possessing a majority of the Class A interests in the limited liability company shall have power to authorize the borrowing of monies; and
 - B. Only members possessing a majority of the Class A interests in the limited liability company shall have power to authorize the buying, selling or leasing of real property.
13. A member of the limited liability company shall not be permitted to assign any financial rights related to his interest without the consent of members owning a majority of the Class A interests in the limited liability company.
14. The limited liability company shall indemnify each agent, manager and member made a party to any proceeding where: (1) he is or was an agent, manager or member; (2) such agent, manager or member conducted himself in good faith and reasonably believed that his conduct was in the best interest of the limited liability company; (3) such conduct was in such agent's, manager's or member's official capacity; and (4) in all other cases where such conduct was at least not opposed to the best interest of the limited liability company. In the event there shall be any criminal proceeding, this provision pertaining to indemnification shall also be applicable so long as such agent, manager or member had no reasonable cause to believe that his conduct was unlawful. In the event that the limited liability company shall establish an employee benefit plan and any agent, manager or member shall act in respect thereto, the right of indemnification herein set forth shall be applicable if such agent, officer or member reasonably believed such action (or failure to act) was in the best interest of the participants in, and the beneficiaries of, such plan or that his conduct was at least not opposed to their best interest.

The provisions of this section shall not be applicable to any proceeding by or in the right of the limited liability company in which an agent, manager or member is adjudged liable to the limited liability company or in connection with any other proceeding where such agent, manager or member is charged with obtaining an improper personal benefit (whether or not involving action in his official capacity) and where such agent, manager or member is adjudged liable on the basis that personal benefit was improperly received

by him. The determination of the entitlement to indemnification shall be made by the limited liability company subject to an agent's, manager's or member's right to bring, an independent action for indemnification as provided, in Tennessee Code Annotated, § 48-243-101(a)(5) as from time to time amended.

15. If any event specified in Tennessee Code Annotated, § 48-245-101(a)(5) shall occur, members holding a majority of the remaining interests may elect to continue the limited liability company and unanimous consent shall not be required.

IN WITNESS WHEREOF, I execute this instrument the 22 day of February, 2000.


Jack B. Strickland, Organizer